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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960.

No. 576

UNION CARBIDE CORPORATION,
Petitioner,

vs.

GRAVER TANK & MFG. CO., INC. and
THE LINCOLN ELECTRIC COMPANY,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

JOHN T. CAHILL,
JAMES A. FOWLER, JR.,
80 Pine Street,
New York 5, N. Y.

RICHARD RUSSELL WOLFE,
1 North LaSalle Street,
Chicago 2, Illinois.
Attorneys for Petitioner

GEORGE N. BEAMER,
C. FREDERICK LEYDIG, JR.,
WILLIAM A. JANSEN,
Of Counsel

December 7, 1960

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Union Carbide Corporation prays that a writ of certiorari issue to review the decision and order of the United States Court of Appeals for the Seventh Circuit which vacates and substantially reduces the judgment for petitioner.

OPINIONS BELOW.

The opinions below are printed in the Appendix annexed hereto:

Master's Findings and Conclusions, pp. A-6—A-36.
Opinion of District Court, pp. A-38—A-54.
Opinion of Court of Appeals, pp. A-58—A-104.

The opinion of the District Court is reported in 124 U. S. P. Q. 62. The opinion of the Court of Appeals is reported in 282 F. 2d 653, 127 U. S. P. Q. 3.

JURISDICTION.

The judgment of the Court of Appeals is dated, and was entered on, August 31, 1960. On October 13, 1960 the Court of Appeals denied petitioner's timely petition for rehearing.

Jurisdiction of this Court is invoked under 28 U. S. C. §1254 (1) (1958).

QUESTIONS PRESENTED.

This Court in its 1950 decision in this case held that the infringer who made "colorable changes" only was an "unscrupulous copyist" and practiced "a fraud on the patent", even though he did not copy every little detail (339 U. S. 605, 607-08).

Now in the accounting phase of the case the District Court adopted detailed findings of fact made by the Master, including the pivotal finding that the infringing welding flux, Lincolnweld 660,

> ". . . was not the result of independent research or experimentation but was copied from the teachings of the patent." (Finding No. 30, A-15)*

The District Court, in entering judgment for petitioner, determined that respondent Lincoln was "a conscious and wilful infringer" (A-52, A-53).

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* The following abbreviations are used in the record references in this petition:

"A—" refers to the appendix annexed hereto containing the Master's findings and conclusions, the opinion and order of the District Court and the opinion and order of the Court of Appeals.

"I App.", "II App.", "III App." and "IV App." refer to the four numbered volumes and "Ex. App." refers to the "Exhibit Volume" of the Joint Appendix in the court below. These are being filed with this petition.

"I R." and "II R." refer to the two volumes of the printed record herein in 1949 and 1950.

The Court of Appeals has reversed because it disagreed with the District Court on the question whether Lincoln was "a conscious and wilful infringer". The Court of Appeals held that this determination was a mixed conclusion of fact and law (A-103), and disagreed without declaring it "clearly erroneous" in accordance with Rule 52(a) of the Federal Rules of Civil Procedure. The Court of Appeals substituted a determination that Lincoln "was making a good faith effort to avoid infringement" (A-68; A-69; A-73; A-102). The Court of Appeals did this by what it called a "process of reasoning" (A-64).

Under these circumstances the questions presented are:

1. Is one who derives a product from the teachings of the patent and not as a result of independent research or experimentation any the less a "conscious and wilful" infringer because he makes an effort to avoid literal infringement?

2. Has the Court of Appeals violated Rule 52(a) by its determination that respondent Lincoln was not a "conscious and wilful" infringer?

FEDERAL RULES OF CIVIL PROCEDURE INVOLVED.

Rules 52(a) and 53(e) of the Federal Rules of Civil Procedure are in part as follows:

Rule 52.—Findings by the Court

(a) EFFECT.

In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside

unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).* (28 U. S. C. App., p. 5170 (1958))

Rule 53.—Masters

(e) REPORT.

(I) *Contents and Filing.* The master shall prepare a report upon the matters submitted to him by the order of reference and, if required to make findings of fact and conclusions of law, he shall set them forth in the report....

(II) *In Non-Jury Actions.* In an action to be tried without a jury the court shall accept the master's findings of fact unless clearly erroneous. Within 10 days after being served with notice of the filing of the report any party may serve written objections thereto upon the other parties. Application to the court for action upon the report and upon objections thereto shall be by motion and upon notice as prescribed in Rule 6(d). The court after hearing may adopt the report or may modify it or may reject it in whole or in part or may receive further evidence or may recommit it with instructions.

....

(V) *Draft Report.* Before filing his report a master may submit a draft thereof to counsel for all parties for the purpose of receiving their suggestions. (28 U. S. C. App., pp. 5172-73 (1958))

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* Emphasis supplied throughout.

STATEMENT OF THE CASE.

This was an action for infringement of U. S. Patent No. 2,043,960. The action was commenced on October 1, 1945 by the original plaintiff The Linde Air Products Company, subsequently merged with petitioner. The issues of validity and infringement were finally determined by decisions of this Court in 1949 and 1950.

The present decision of the Court of Appeals is rendered in the accounting phase of this case.

The invention.

The patent was issued in 1936. Its teachings have passed into the public domain and represent a revolutionary development in electric welding technology.

The invention was a new kind of flux for use in electric welding. It was sold under the trade name "Unionmelt". It was put to wide practical use and greatly benefited American industry (Finding No. 5, A-7). It speeded up production and effected large savings (Finding No. 6, A-7). About 1100 companies signed license agreements and paid royalties aggregating $7,118,516.90 for the use of the invention (Finding No. 18, A-11).

This flux was characterized by the District Court as one

> "which when employed in a welding operation taught by Robinoff give a vastly improved weld over Robinoff, which permit welding of far thicker plates in a single pass and at a speed many times faster than attained by any prior known method . . ." (86 F. Supp. 191, 195),

as affording "a truly remarkable difference" in "performance achievements," and as making possible welding speeds that "dwarf" those of any predecessor (*id.* at 192).